

The Honourable
Bill McKnight, Minister
Responsible for
Canada Mortgage
and Housing Corporation



Canada's Housing
Agency

A NATIONAL DIRECTION FOR HOUSING SOLUTIONS



Canada

A NATIONAL DIRECTION FOR HOUSING SOLUTIONS

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**MESSAGE FROM
THE MINISTER**

The principle upon which federal housing policy is founded is that Canadians in all parts of the country be able to have decent and adequate shelter at a level of payment that is affordable within their means.

The challenge in developing national housing solutions is to fulfill that principle by the most responsive and effective use possible of the resources and options available to us.

In its first major economic statement in November of 1984, the Government of Canada identified national housing policy as an area of key concern.

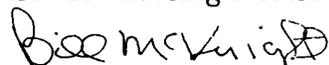
The economic statement indicated the government's intention to review federal housing policy in order to more effectively target programs and delivery to reflect the needs and priorities of Canadians.

The result was a consultation process aimed at examining existing programs and looking at other options for more effective use of federal housing dollars. This process, while recognizing the leadership role and accountability of the Government of Canada, sought to include the views and expertise of both those in major housing interest groups and Canada's provincial governments in rededicating national housing policy.

As the Minister responsible for national housing policy, I have undertaken extensive meetings with Canadians with a stake in this issue which has resulted in a review of over 250 letters and some 50 written briefs. In addition, there were two federal/provincial conferences of Housing Ministers and bilateral meetings with the provinces and territories.

This process of consultation provided important regional and local perspectives and has demonstrated a quality of concern from all participants that bodes well for the successful implementation of new and meaningful programs.

The new federal housing policy directions I have announced today in the House of Commons represent both the results of the process of consultation and the commitment of the Government of Canada to ensure that we have a national direction for housing solutions.



Bill McKnight
Minister responsible for Canada Mortgage and Housing Corporation

The Government of Canada has undertaken new initiatives to broaden input into policy making decisions in areas where Canadians with special interests and concerns have a stake in the direction of new policy. This consultative approach was implemented in the development of new directions in housing policy to ensure that all interested parties had an opportunity to participate in the process and to build a new consensus on national directions in this area.

The formal call for housing review and consultation came in the Minister of Finance's Economic Statement of November 1984 and in the accompanying paper, "An Agenda for Economic Renewal". These documents set out the major directions the government intended to pursue. They focused on the need for deficit reduction, the need to direct government funds to those most in need, the need for improved federal/provincial cooperation, and the need to improve the environment for private sector initiatives and involvement.

Given the implications of these issues for housing, the government called for a fundamental review of housing policy. To facilitate the process and to build consensus, the Honourable Bill McKnight, Minister responsible for the Canada Mortgage and Housing Corporation, issued a Consultation Paper on Housing in late January, 1985. Its purpose was to stimulate debate and focus discussions. The Minister encouraged all interested groups to provide input and participate in the development of new policy.

The Consultation Paper outlined the challenges facing the government and set out to establish clear objectives for federal housing policies and programs, to establish priorities for federal housing expenditures, and to design the most cost-effective means of achieving national objectives.

The Consultation Paper was distributed to more than 8,000 Canadians with interest and concerns in housing issues. Every major housing association in the country submitted a response to the Minister's Paper.

Following the receipt of briefs, a series of meetings with the interest groups was initiated and the Minister and his staff consulted directly with some twenty-one groups. The participants included social housing and interest groups, industry and municipal associations, mortgage lending institutions, and organizations representing the poor, the elderly, the disabled, and aboriginal peoples.

In addition, the Minister received some 300 briefs and letters from various groups and individuals during the review period. These representations came from parties who wanted to respond directly to the Consultation Paper, who raised policy and program issues related to the housing review, and who addressed issues that emerged during the review and consultation process.

While the government was consulting with housing groups, it was also engaged in intensive discussions with the provinces and territories. The Minister undertook bilateral meetings with his provincial counterparts to discuss the Consultation Paper. The discussions centred on ways of coordinating federal and provincial initiatives, of overcoming duplication between governments, and of rebalancing, on a national basis, the relative expenditures of both levels of government.

Following these discussions with the provinces in early 1985, the Minister directed follow-up meetings be held with major groups to further discuss their proposals, to inform them of the status of the federal/provincial talks, and to outline the direction the government was considering.

This extensive and comprehensive consultation process established the foundation for the new national directions in housing policy. It enhanced the relations between the federal government and housing groups and the provinces. It provided Canadians with the opportunity to cooperatively set policy objectives that allowed participation from all stakeholder groups. The re-alignment of programs, the new cooperation of the provinces, and the meeting of federal government objectives has provided Canadians with more equitable and effective responses to the need for suitable and affordable housing.

**LIST OF
GOVERNMENTS,
ORGANIZATIONS
AND NUMBER OF
PRIVATE
INDIVIDUALS
SUBMITTING
BRIEFS**

1. Provincial and Territorial Ministers

All have submitted several briefs, reports, etc.

2. Municipalities and Organizations

Over 70 submissions received

3. Organizations (Market, Social and Native Housing Concerns)

- Assembly of First Nations
- Canadian Association of Housing and Renewal Officials
- Canadian Bankers' Association
- Canadian Cooperative Credit Society Ltd.
- Canadian Federation of Labour
- Canadian Home Builders' Association
(including Association provinciale des constructeurs d'habitation du Québec)
- Canadian Institute of Public Real Estate Companies
- Canadian Labour Congress
- Canadian Manufactured Housing Institute
- Canadian Real Estate Association
- Canadian Rehabilitation Council for the Disabled
- Coalition of Provincial Organizations of the Handicapped
- Confédération des caisses populaires et d'Economie Desjardins du Québec
- Co-operative Housing Foundation
- Federation of Canadian Municipalities
- Inuit Tapirisat of Canada
- Investment Dealers Association of Canada
- Métis National Council
- Mortgage Insurance Company of Canada
- National Advisory Council on Aging
- National Anti-Poverty Organization
- Native Council of Canada
- Trust Companies Association of Canada
- Urban Development Institute Canada
- Front d'Action Populaire en Réaménagement Urbain
- Canadian Advisory Council on the Status of Women

In addition, provincial affiliates of the national organizations listed above, and many other local-based organizations made submissions.

4. Members of Parliament

- Interventions by over 60 MP's or Members of Provincial/Territorial Legislatures.

5. Private Individuals

- Approximately 100 submissions received

NEW HOUSING DIRECTIONS

The Government of Canada has undertaken major changes in the direction of housing policy in order to more responsively target federal housing resources to provide fair and effective national solutions for Canadians in need.

The Honourable Bill McKnight, Minister responsible for the Canada Mortgage and Housing Corporation, has consulted extensively to develop policies that improve programs and delivery through greater access, more flexibility in regional response, and an annually reviewable three-year planning process.

The policy focuses on improvements in four key areas: *Social Housing*; *Cooperative Housing*; *Market Housing*; and *Housing Quality*.

Social Housing

The objective for *Social Housing* is to direct assistance to households who cannot obtain suitable and adequate shelter on the private market. More than one million low-income renters and homeowners would be eligible for social housing assistance including:

- households currently paying more than 30 per cent of their income for adequate accommodation;
- households paying less than 30 per cent of their incomes but occupying inadequate housing;
- households paying more than 30 per cent of their income, yet still living in inadequate accommodations;
- households with a need for special purpose accommodation.

A mix of social housing programs are being introduced in order to address issues such as local housing market conditions and particular physical or social needs with the most appropriate and cost-effective response. The mix of programs will be regionally targetted and determined jointly by the federal government and each of the provinces and territories and includes:

- a non-profit housing program directed at needy families and seniors which allows public and private non-profit groups, including cooperative groups, to build or acquire housing;

- a non-profit Native housing program directed at needy urban Native households;
- a rent supplement program to provide rent assistance to needy households in private market or co-op units;
- a universal residential rehabilitation assistance program for low-income homeowners to help them upgrade inadequate housing;
- a universal residential rehabilitation assistance program to help landlords upgrade inadequate units occupied by households in need;
- an improved residential rehabilitation assistance program for the disabled to assist in making needed modifications; and
- the continuation of the Rural and Native Housing Program but with an enhanced commitment to Native housing and Native participation in the program.

Under these new initiatives in social housing a variety of households and incomes is covered within the eligibility requirements resulting in at least double the number of Canadians in need that will be assisted annually. While the intent of providing assistance to those most in need is paramount to the policy, income mixing within the projects continues to be a consideration.

Cooperative Housing

The *Cooperative Housing* movement has played an important role in providing alternatives and security for Canadians who do not have the means to become homeowners. This group will continue to be served through a revised cooperative housing program which relies less on government expenditure than has been the case in the past. The program revision, based on index-linked mortgaging, is being developed in conjunction with the Cooperative Housing Foundation.

Market Housing

Improved security is the cornerstone of the *Market Housing* directions in the policy. Mortgage-backed securities will help foster the development of longer-term, fixed interest rate mortgages which will improve the security felt by homeowners. Access to homeownership will continue to be supported through public mortgage insurance.

The priorities of both federal and provincial governments are reflected in the policies designed to promote stability and security for the housing and mortgage

markets including ensuring access to mortgage funds in all parts of Canada. Governments have, therefore, agreed to commit to stable, long-term policies in areas affecting the development industry. There is further agreement that market stimulation measures, if warranted for job creation, will only be introduced after consultation with the industry and provinces in order to minimize market disruptions damaging to the long-term health of the housing industry.

Housing Quality

Housing Quality will be improved by the maintenance of national housing standards and the advancement of housing technology through research, development, and application. The Government will seek to establish a Housing Research Committee to coordinate federal, provincial, and industry efforts in seeking effective solutions to existing housing quality problems, and will examine the opportunities for creating a National Materials Evaluation Service to maintain the integrity of new construction.

The consultation process has taken important steps to establishing a national consensus on housing issues. This process will be taken forward through the negotiation of agreements with the provinces and territories which will put in place a three-year joint planning process for social housing strategies. This management initiative allows for the development of both flexible and cost-effective solutions while respecting individual jurisdictional objectives and accountabilities.

The commitment to continue the consultation process is the instrument through which Canada's national will for housing solutions can be successfully implemented to the benefit of all Canadians.

One of the priorities of the federal government has been to improve federal/provincial relations and to develop policy in conjunction with the provinces. The Minister responsible for CMHC has welcomed provincial participation in addressing joint measures for more efficient and responsive national housing policies.

Consultation with the provinces began with the Conference of Federal and Provincial Housing Ministers held in Ottawa in December 1984. The meeting resulted in agreement amongst the Ministers to address the following key concerns:

- examination of social housing programs to determine means of effectively targetting resources;
- development of new delivery systems to reduce administration expenses and remove duplication;
- review of rental housing markets and tax-related measures;
- examination of policies that would encourage private sector involvement in housing initiatives.

In early 1985, the Minister travelled across Canada for bilateral meetings with all the provinces and territories to discuss issues raised in the Consultation Paper.

Ministers responsible for housing met again in Calgary in July to review the progress of discussions. The ministers reached agreement on a number of issues at that time including:

- acceptance of recommendations of a report on market housing to protect the market from the effects of government intervention without consultation;
- unanimous support for the concept of mortgage-backed securities;
- agreement on a set of proposals to govern future federal/provincial activity in the area of social housing.

Agreement was reached in several areas of social housing and the delivery of programs to Canadians across the country. These agreements include:

- recognition of the responsibility of the federal, provincial, and territorial governments and their agencies to provide assistance to those Canadians in most need;
- agreement to determine the respective contribution of the federal government, the provinces, and territories to social housing;
- recognition of various governments' responsibility to respective constituencies and responsibility to ensure adequate controls of all actions;
- agreement to ensure continuity of initiatives on the parts of both levels of government;
- agreement to develop efficient administration and removal of duplication;
- agreement to provincial and territorial delivery and administration of programs within conditions acceptable to both levels of government;
- commitment to on-going consultation for effective co-operation in social housing and delivery of programs to Canadians.

Meetings have continued to take place between federal, provincial and territorial officials for the purpose of drafting Global and Operating Agreements that will govern the administration of new social housing programs. This process is well underway and the Minister will be moving to conclude negotiations and establish the required administrative mechanisms.

PROGRAM DESCRIPTIONS

Social Housing Overview

Working from the strengths of the existing programs, while still recognizing their past shortcomings, the new directions in social housing are designed to increase program effectiveness, meet the principles of fairness and equity, and reflect the joint desire on the part of the Provinces/Territories and the Government of Canada to do more to assist needy households in obtaining shelter.

These directions are embodied in the fundamental rationale for social housing assistance: *to assist low-income households who are unable to obtain suitable, adequate and affordable housing in the private market.* This objective has been mutually agreed to by all the participants in the extensive consultation process. It is being put into effect as the key eligibility criterion for social housing assistance. This means that social housing support will now be targetted to those households unable to afford the average market rent for suitable, adequate, and available housing units without spending more than 30 per cent of their total household income (Core Housing Need).

The more than one million low-income households that fall into this category will be served through:

- A Non-Profit Housing Program to provide a supply of new housing for households in core need.
- An Urban Native Housing program to provide a supply of new housing for needy Native households.
- A Rent Supplement Program to provide rent assistance to reduce rents for those facing affordability problems.
- Rehabilitation programs to provide assistance to repair inadequate housing occupied by needy households.
- A Rural and Native Housing Program which supplies new housing and assistance for rehabilitation and emergency repairs.

To achieve the social housing objective in the most cost-effective way requires that a mix of programs be available. The most appropriate form of assistance will be chosen based on the housing problem to be addressed, local housing market conditions and particular physical or social needs.

Non-Profit Housing Program

Program Objective

To assist households unable to obtain adequate, suitable and affordable housing on the private market.

Program Description

- Assistance will be provided to public and private non-profit organizations, including co-operative groups, to construct or acquire, own and manage housing units for households in core housing need and special purpose groups.
- Government assistance for projects without care or support services will be equal to the difference between the operating costs, including mortgage repayment, and rental revenues.
- Government assistance for the residential portion of special purpose projects will be in the form of an interest rate writedown to 2%. The number of special purpose projects will be controlled through the application of a 10% cap on the total number of units within a province that can be used for this purpose.
- Tenants will be charged rents based on 25% of their adjusted household income.
- Income mixing will continue but within the limit of households unable to afford private accommodation without having to pay more than 30% of their income for housing.

Eligible Sponsors

- Eligible sponsors/owners are Public or Private Non-Profit Housing Corporations, including co-operative housing groups.

Eligible Tenants

- Eligible clients are households having to pay more than 30% of their income for housing in the private market and those with special purpose housing needs requiring on-site services to address their common needs, whether physical, social or emotional.

Eligible Projects

- Projects can be developed through new construction, the purchase of existing housing with or without rehabilitation, and the conversion of existing buildings.
- Any building form is acceptable so long as the cost does not exceed a maximum unit price.
- Projects may include compatible non-residential community, and/or commercial space which is financially self-supporting.

Eligible Project Costs

- Only the eligible project costs of the residential component of a project within the Maximum Unit Price are eligible for Canada's subsidy assistance.
- A project's total eligible costs include land acquisition and servicing, construction/rehabilitation/conversion, landscaping costs, resource group fees, organization expenses and other fees and charges for the residential portion of the project.

Assistance

- Private non-profit groups may receive interest free repayable loans of up to \$75 000 per project to develop a proposal.
- CMHC will insure private approved lender loans for up to 100% of acceptable project costs.
- The maximum annual subsidy payable to any project is equal to the difference between eligible annual operating costs and project revenues.
- Tenants will pay rents based on a household's adjusted household income and a rent-to-income scale.

Tenant Selection

- Tenants will be selected on the basis of demonstrated need.

Project Selection

- Projects selected for conditional allocations will be the most cost-effective available in terms of the annual subsidy requirements for the particular project and unit type.
- Provinces will develop and select the best targeted and most cost-effective public non-profit projects after weighing the relative merits of new construction versus existing acquisition and after assessing the costs and benefits of various housing techniques.
- Projects to be developed by Private Non-Profit Housing Corporations will be selected, wherever demand may exceed the allocation in a market area, on the basis of a competitive process, which will allow proposal comparisons prior to the awarding of proposal development funding or a conditional allocation.

Delivery

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program, with the involvement of non-profit housing delivery groups.

Urban Native Housing Program

Program Objective

To assist Native households in need in urban areas to obtain suitable, adequate and affordable rental housing.

Program Description

- The Urban Native Housing Program will provide subsidized rental housing to Native households in need by assisting Native sponsored Private Non-Profit Housing Corporations and continuing Co-operative Associations to own and operate rental housing projects.
- Projects are financed over a maximum of 35 years by NHA-insured loans or other financing for up to 100% of acceptable capital costs.
- Maximum annual subsidy for projects without care or support services is equal to the difference between annual operating costs and project revenues.

- Assistance for the residential portion of special purpose projects will be in the form of an interest rate writedown to 2 per cent.
- Rental revenues are based on a household's adjusted income and according to the approved rent-to-income scale.

Eligible for Assistance

- Eligible sponsors/owners are Urban Native or Private Non-Profit Housing Corporations and Non-Profit Continuing Co-operatives.
- Eligible clients are Native households required to pay more than 30 per cent of their income to obtain housing on the private market and those with special purpose housing needs requiring on-site services to address their common needs, whether physical, social or emotional.
- Projects can be new construction, the purchase of existing housing with or without rehabilitation, and the conversion of existing buildings.

Eligible Project Costs

- Projects will be subject to the Maximum Unit Price applicable for that type of development.
- A project's total eligible costs include land acquisition and servicing, construction/rehabilitation/conversion/landscaping costs, resource group fees, organization expenses and other fees and charges.

Project Selection

- Priority will be given to the best targetted and most cost-effective projects.
- Preference will be given to existing sponsors or new sponsors who have demonstrated a capability to deliver and manage a project and intend to serve households in need.

Assistance

- Urban Native Non-Profit groups may receive interest free repayable loans of up to \$75 000 per project to develop a proposal.

- CMHC will provide NHA insurance on private approved lender loans for up to 100% of acceptable project costs.
- The maximum annual subsidy available will cover the difference between eligible annual operating costs and project revenues.
- Tenants will pay rents based on a household's adjusted income and according to an approved rent-to-income scale.

Delivery of the Program

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program, through Urban Native or Private Non-Profit Housing Corporations and Non-Profit Continuing Co-operatives.

Rent Supplement Program

Program Objective

To assist households in need to obtain affordable, adequate and suitable rental housing by subsidizing rents in rental dwellings.

Program Description

The Rent Supplement Program provides assistance to households in need by reducing their rent to 25% of their income. To make this assistance available, the government and a landlord, a Private Non-Profit Corporation or a housing co-operative sign an agreement, designating a number of housing units to be leased to the government or its agencies, for an agreed market rent and a maximum term of 35 years. The government or its agencies select from their waiting lists households in need to be occupants of the units, charging a rent according to a rent-to-income scale and based on the household's adjusted income.

Eligible Clients

- Eligible clients are households who have to pay more than 30 per cent of their income for housing on the private market or those with special purpose housing needs.

Eligible Projects

- Selected units must comply with CMHC's Minimum Property Standards.

Project Selection

- The delivery agencies will ensure that units providing the best value for money are selected.

Assistance

- Landlords will receive the difference between the rent paid by the Rent Supplement client and the market rent agreed to under the rental agreement.
- The commitment for rent supplement assistance is for 35 years. Three to five-year agreements would be entered into with landlords to designate units and specify market rents.
- Rent Supplement clients would pay a rent based on a rent-to-income scale up to a maximum of 25 per cent of household income.

Delivery

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program, through municipalities, local housing authorities, or non-profit co-operative organizations.

Rehabilitation

As part of the social housing program mix, federal assistance for rehabilitation will support the social housing objective of targetting assistance to low-income households who own or occupy inadequate dwellings.

Federal funds will be made available to repair, rehabilitate, or improve dwellings to a minimum level of health and safety, through the three components of the Residential Rehabilitation Assistance Program (RRAP):

- Homeowner - Residential Rehabilitation Assistance Program
- Rental - Residential Rehabilitation Assistance Program
- Residential Rehabilitation Assistance Program for the Disabled

Homeowner - Residential Rehabilitation Assistance Program

Program Objective

To assist households in need, who own and occupy existing substandard housing, to repair, rehabilitate or improve their dwellings to a minimum level of health and safety.

Program Description

Homeowner RRAP provides financial assistance to owners of existing housing accommodation to repair, rehabilitate or improve existing substandard housing which is in need of major repair. Assistance is for eligible repairs to bring the dwelling up to minimum health and safety standards. The assistance is provided in the form of a loan, a portion of which may be forgiven, depending on the income of the applicant and continued occupancy of the housing unit. The assistance is available in urban and rural areas on a universal basis. The nature and quality of the repair work is expected to ensure a further useful life of the dwelling of 15 years.

Eligible For Assistance

- Rural and urban homeowners who are in core housing need (households who cannot obtain suitable, adequate and affordable accommodation without paying more than 30% of their income for shelter.)

- For a dwelling to be eligible for assistance it must be in need of major repair. That is, it must be substandard in at least one of six basic areas: structural; electrical; plumbing; heating; fire safety; and if in rural and remote areas, overcrowding.
- No loan may be made unless the province or the local municipality or the authority having jurisdiction has adopted acceptable occupancy and building maintenance standards.

Eligible Project Costs

- Eligible project costs include the costs of eligible repair, rehabilitation or improvement based on accepted contractors' bids plus legal fees, building permits and the cost of drawings and specifications.

Eligible Repairs

- Eligible repairs are only those required to bring a dwelling up to a minimum level of health and safety as defined in CMHC Standards for the Rehabilitation of Residential Buildings ("RRAP Standards").

Client Selection

- All clients must be in core housing need.

Assistance to Homeowners

- Assistance is in the form of a loan of which all or part may be forgiven.
- Maximum loans are \$10 000 per unit for urban homeowners and \$25 000 per unit for rural homeowners.
- Maximum loan forgiveness is \$5 000 per housing unit in the southern part of a Province, \$6 250 per unit in the northern part of some provinces and \$8 250 in the far northern areas of the country.
- Homeowners with adjusted incomes up to \$13 000 will be eligible to receive the maximum forgiveness depending upon repair costs. Forgiveness will decline to zero for homeowners with adjusted incomes from \$13 000 to \$23 000.

- Homeowners "earn" the forgivable portion of their loan over a period of five years so long as they continue to own and occupy the dwelling.

Delivery of the Program

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program, through municipalities or other groups or individuals eligible to act as delivery agents.

Rental - Residential Rehabilitation Assistance Program

Program Objective

To assist households in need occupying existing substandard rental housing by providing assistance to the owners to repair, rehabilitate or improve the dwellings to a minimum level of health and safety.

Program Description

Rental RRAP provides financial assistance to landlords, who own rental projects where rents before rehabilitation are at or below average market rents, to repair, rehabilitate or improve existing substandard housing. Assistance is for eligible repairs to bring the dwelling up to minimum health and safety standards. Assistance is provided in the form of a forgivable loan, based on the level of the rents after rehabilitation and the cost of repairs. (Loans will be obtained from approved lenders for any additional financing required. In rural areas, CMHC loans may be available on a residual basis.) Forgiveness is earned over a period of fifteen years. Landlords must agree to enter into a rental agreement which will establish maximum acceptable rents. The assistance is available in urban and rural areas on a universal basis. The nature and quality of the repair work is expected to ensure a further useful life of the dwelling of 15 years.

Eligible for Assistance

- Private rental entrepreneurs who own rental accommodation where rents before rehabilitation are at or below average market rents.
- Owners of housing projects receiving other social housing subsidies are not eligible.
- To be eligible, a property must be in need of major repair; that is, substandard or deficient in one of the following areas: structural; electrical; plumbing; heating; and fire safety.

- For rooming houses and hostel accommodation to be eligible, the property must contain in excess of three bed-units rented to occupants not related to the owner.

Eligible Project Costs

- Eligible project costs include the cost of eligible repair, rehabilitation or improvement based on accepted contractors' bids plus legal fees, building permits and the cost of drawings and specifications.

Eligible Repairs

- Eligible repairs are those required to bring a dwelling up to a minimum level of health and safety as defined in the CMHC Standards for the Rehabilitation of Residential Buildings ("RRAP Standards"). The costs associated with conversion are not included.

Client Selection

- Clients will be selected from private landlords owning accommodation in need of major repair with pre-RRAP rent levels at or below market.

Assistance to Landlords

- The average loan forgiveness will be \$12 000 per self-contained dwelling and \$6 000 per bed-unit; depending on the total cost and the post-rehabilitation rents. The maximum loan to be provided on a residual basis in rural areas is \$25 000.
- The actual amount of loan forgiveness for a given project will depend on the relationship of the estimated post-rehabilitation rents to the average market rent. This relationship will be established by means of an Assistance Factor which will determine the amount of loan forgiveness available, described in the chart which follows.

Post-Rehabilitation Rents as % of Average Market Rents	Assistance Factor*	Average Forgiveness (Self contained)
50% of market	1.00	\$ 12 000
60%	0.90	10 800
70%	0.80	9 600
80%	0.70	8 400
90%	0.60	7 200
100%	0.50	6 000
110%	0.30	3 600
120%	0.10	1 200
125%	0	0

* Note this scale will be continuous. For example for 73% below market the factor will be 0.77.

- The landlord must be willing to enter into a 15-year rental agreement which will specify maximum rents. During the period of the rental agreement, rent increases above the allowed annual maximum must be approved and must be in conformance to any provincial rent control/review legislation.

Delivery of the Program

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program, through municipalities or other groups or individuals eligible to act as delivery agents.

Residential Rehabilitation Assistance Program For The Disabled

Program Objective

To assist in the repair, improvement or modification of existing homeowner or rental housing to improve the accessibility of the dwelling unit for disabled persons.

Program Description

RRAP for the Disabled will provide financial assistance to owners of housing accommodation to improve the accessibility of rental and ownership units occupied or intended to be occupied by disabled persons. Assistance is for eligible repairs in the form of a loan, a portion of which may be forgiven over a period of time depending on the income for homeowners and signing of a rental agreement for landlords. The assistance is available on a universal basis.

Program Descriptions

Eligible for Assistance

- Homeowners and landlords undertaking acceptable accessibility work to improve a dwelling occupied or intended to be occupied by disabled persons.
- Housing projects, such as special care or nursing homes, receiving other social housing subsidies, are not eligible.

Eligible Project Costs

- Eligible project costs include the cost of approved accessibility modifications, based on accepted contractors' bids, which render the dwelling unit more accessible, plus legal fees, building permits and cost of drawings and specifications.

Client Selection

- Priority will be given to clients based on the level of repair/modification required to accommodate the applicant's disability.

Assistance to Homeowners

- Assistance is in the form of a loan of which all or part may be forgiven.
- A maximum \$5 000 assistance will be provided to homeowners with adjusted incomes up to \$23 000 and will decline to zero for adjusted incomes between \$23 000 and \$33 000.
- Direct repayable loans of up to \$10 000 will also be made available on a residual basis.
- The Homeowner Residential Rehabilitation Assistance Program is also available to eligible homeowners and will be calculated separately.
- Homeowners "earn" the forgivable portion of their loan over a period of five years, so long as they continue to own and occupy the dwelling.

Assistance to Landlords

- Assistance is in the form of a forgivable loan of up to \$5 000 per self-contained unit and \$2 500 per bed-unit.

Program Descriptions

- Landlords must adhere to a 15-year rental agreement.
- The Rental Residential Rehabilitation Assistance Program for eligible repairs will also be available to eligible landlords and will be calculated separately.

Delivery of the Program

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program through municipalities or other groups or individuals eligible to act as delivery agents.

Rural And Native Housing Programs

In recognition of the severe housing problems and unusual conditions experienced in rural and remote areas of the country, the Rural and Native Housing Program will continue to be used to address problems of housing conditions and supply.

In that this Program provides a mix of components, it is consistent with the social housing strategy of targetting assistance to those in need and providing a mix of programs to deal with the problems of an inadequate supply of affordable housing and the physical inadequacy of existing housing.

The package of programs available remains unchanged and includes:

- The Rural and Native Housing Homeownership and Rental Program;
- The Rural Component of the Residential Rehabilitation Assistance Program; and
- The Emergency Repair Program.

Targets to provide benefits to Native households and involvement of Native groups in delivery will be continued.

A Demonstration Program to meet housing needs in remote areas will be started to assess the feasibility of a housing assistance program offering front-end funding to homeownership clients to cover the cost of land and materials with labour provided locally by the occupant.

Rural And Native Housing Homeownership And Rental Programs

Program Objective

To assist Native and non-Native households in need in rural areas to obtain new or existing, affordable, adequate and suitable homeownership or rental housing.

Program Description

The Rural and Native Housing Homeownership and Rental Program provides homeownership or rental projects for rural or Native households in core need. For ownership clients, government provides a subsidy which is the difference between 25 per cent of adjusted annual household income and the amount required to amortize the mortgage plus taxes and eligible heating costs. Rental

clients pay 25 per cent of adjusted household income towards fully serviced accommodation with the difference between rent revenues and total project costs subsidized by government.

This program may be used for the acquisition of land and construction of units or the acquisition and rehabilitation of existing units.

Eligible for Assistance

- Native and non-native households in core housing need living in rural areas (i.e., areas of 2 500 persons or less).

Eligible Project Costs

- The eligible costs per unit cannot exceed the Maximum Unit Price established for the area.
- For new units eligible costs include predevelopment costs, land, holding costs, construction/acquisition costs, interest and legal fees.
- For existing units eligible costs include the total acquisition cost, rehabilitation costs and all associated fees.

Client Selection

- Eligible Native households will be served on the basis of targets established for the program.
- Eligible non-Native families and seniors will be served in accordance with their share of housing need relative to each other.

Assistance

- Interest free repayable loans up to \$10 000 to support the development of projects by eligible sponsors.
- Loans provided for up to 100% of the project lending value.
- Homeowner unit subsidies of the difference between the owner's monthly payment and the amount required to amortize the mortgage plus taxes and eligible heating costs.

- Rental unit subsidies of the difference between the total actual annual maintenance and operating costs and revenues for a rental project.

Delivery of the Program

- Either provincial housing agencies or CMHC will be the active party in the delivery of the program through Native groups or Private Non-Profit Housing Corporations and Non-Profit Continuing Co-operatives.

Rural And Native Housing Demonstration Program

Program Objective

To assess the feasibility of offering a housing assistance program based on up-front funding to cover the cost of land and materials (labour donated locally by the occupant) to meet the housing requirements of rural and remote residents.

Program Description

- The demonstration program will involve a total of 500 units over a 5-year period and will be applied in all rural areas of the country.
- Materials would take the form of 'housing kits' which could be various types of manufactured housing.
- Ongoing monitoring and evaluation will measure the impact of the program including:
 - the quality of housing produced;
 - the nature of the client group;
 - the ability of occupants to afford maintenance and operating costs;
 - the degree of community acceptance;
 - delivery requirements including the need for training, on-site supervision and inspections; and
 - a comparison of program costs with the subsidy and administrative costs of conventional mortgage repayment programs.

Eligible for Assistance

- Native and non-Native households in need living in rural areas.

Eligible Project Costs

- Cost of land and materials.
- Assistance subject to a Maximum Unit Price for the area.

Client Selection

- Eligible applicants will be selected in accordance with the demonstration evaluation requirements.

Assistance

- Front-end funding to cover the cost of land and materials with labour provided from the local community.
- Average amount of assistance would be \$40 000 per unit but would vary according to Maximum Unit Prices.

Delivery of the Program

- The demonstration program will be conducted by Canada Mortgage and Housing Corporation in consultation with provincial housing corporations and other Rural and Native Housing delivery agents.

Emergency Repair Program

Program Objective

To assist households in need in rural areas by providing assistance for the urgent repair of existing housing that is a threat to the occupants' health or safety.

Program Description

The Emergency Repair Program provides assistance to households in existing housing to undertake emergency repairs that are required for the continued safe occupancy of their units. Repairs are intended to be limited to items urgently required to make the units safe, rather than to restore housing to minimum property standards. Assistance is in the form of a contribution of \$1,500 to \$4,500.

Eligible for Assistance

- Homeowners/occupants in need living in rural areas (i.e., areas of 2 500 or less persons) in existing units requiring urgent repair necessary for safe occupancy.

- Households who are eligible under the Rural and Native Homeownership and Rental Program for whom suitable replacement housing units are not readily available.
- The housing units must be the principal residence of the applicant, require urgent repair for continued safe occupancy and not qualify for assistance under the Residential Rehabilitation Assistance Program (RRAP) either because of the extent of major repairs required, excessive cost beyond RRAP limits, or RRAP standards.

Eligible Project Costs

- Cost of eligible materials and contractor labour.

Client Selection

- Assistance will be targeted to households in need within specific geographic areas and in accordance with the Native targets for the program.

Assistance

- Maximum contribution varies from \$1 500 to \$4 500 to reflect higher repair costs in remote northern areas.
- Assistance is provided only once.
- Assistance is the lesser of approved actual costs or program maximums for the area.

Program Delivery

- Housing agencies eligible to act as delivery agents are Native delivery groups such as provincial Métis associations and Native non-profit housing groups.

Co-operative Housing Program

The Co-operative Housing Program has served moderate and middle income households as well as households in core need. The orientation of the new program recognizes the dual objectives of co-operatives - a social housing objective and an objective of providing security of tenure as an alternative to homeownership.

Program Objective

To provide assistance for co-operative housing to promote security of tenure for households unable to access homeownership.

Program Description

The program will include:

- Proposal Development Funding in the form of a repayable loan, to develop project proposals.
- Mortgage insurance for privately financed index-linked mortgages.
- Assistance in the form of a repayable loan to bridge any remaining difference between operating costs and market rents.
- Creation of an independent stabilization fund to protect project viability.
- Rent Supplement assistance will be available for a portion of the units to assist households in core housing need.

Project Selection

- Projects demonstrating long-term financial viability will receive priority in the selection process.

Tenant Selection

- Tenants not in receipt of rent supplement assistance will be selected by the co-operative group.
- Tenants in receipt of rent supplement assistance would be selected according to guidelines of the Rent Supplement Program and must be in demonstrated core need.

Project Costs

- Project costs would be subject to maximum unit prices.

Delivery

- The federal government through CMHC will continue to deliver and administer the Co-operative Housing Program, working with individual co-operative groups. Where provinces contribute financially to the Rent Supplement units, they may deliver this aspect of the program.

Mortgage Backed Securities Program

Program Objective

To facilitate the re-introduction by private mortgage lenders, of longer-term fixed interest rate mortgages.

Program Description

- CMHC on behalf of the federal government will guarantee timely payment of capital and interest on Mortgage Backed Securities (MBS) secured by a pool of NHA insured mortgages.
- The minimum size of a MBS pool when issued is \$2 million.
- The minimum size of each MBS certificate is \$5 000.
- Any single mortgage within a mortgage pool cannot exceed 1/10 of that total mortgage pool.
- There will be a minimum fixed interest rate term for each NHA insured mortgage in any pool.
- The program is expected to be fully self supporting, by the fees that will be charged by CMHC for the timely payment guarantee.

Eligible Issuers of MBS

- All private financial institutions meeting the eligibility requirements established by CMHC. These will include net worth requirements, and sufficient expertise in the mortgage market.

Eligible Purchasers of MBS

- All persons or institutions that are in a position to purchase the minimum amount for an MBS certificate, namely \$5 000. There is no limit on the value of MBS that can be held by any single purchaser.

Delivery

- The private financial institutions eligible to issue MBS will be the active parties in the delivery of the program.

Start Up Date for Program

- This program will be in place in early 1986.

**NAMES AND PHONE NUMBERS OF MINISTER'S ASSISTANTS & SENIOR
CANADA MORTGAGE AND HOUSING CORPORATION OFFICIALS**

Office of The Honourable Bill McKnight

Minister of Labour and Minister Responsible for
the Canada Mortgage and Housing Corporation.

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